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10/703,978	11/07/2003	Serkan Savasoglu	030587	2847
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K&I. GATES LLP 535 SMITHFIELD STREET PITTSBURGH, PA 15222				
EXAMINER				
SEE, CAROL A				
ART UNIT		PAPER NUMBER		
3696				
MAIL DATE		DELIVERY MODE		
09/22/2008		PAPER		

**Please find below and/or attached an Office communication concerning this application or proceeding.**

The time period for reply, if any, is set in the attached communication.

### Office Action Summary

**Application No.**

10/703,978

**Applicant(s)**

SAVASOGLU ET AL.

**Examiner**

Carol See

**Art Unit**

3696

**Period for Reply** -- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

**Status**

- 1) ☒ Responsive to communication(s) filed on 23 May 2008.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

**Disposition of Claims**

- 4) ☒ Claim(s) 36-45 and 48-61 is/are pending in the application.
- 4a) Of the above claim(s) 60 is/are withdrawn from consideration.
- 5) ☐ Claim(s) \_\_\_\_\_ is/are allowed.
- 6) ☒ Claim(s) 36-45, 48-59 and 61 is/are rejected.
- 7) ☐ Claim(s) \_\_\_\_\_ is/are objected to.
- 8) ☐ Claim(s) \_\_\_\_\_ are subject to restriction and/or election requirement.

**Application Papers**

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on \_\_\_\_\_ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.  
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).  
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

**Priority under 35 U.S.C. § 119**

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some \* c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
  2. ☐ Certified copies of the priority documents have been received in Application No. \_\_\_\_\_.
  3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

\* See the attached detailed Office action for a list of the certified copies not received.

**Attachment(s)**

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO/S508)  
Paper No(s)/Mail Date 9/2/2008.
- 4) ☐ Interview Summary (PTO-413)  
Paper No(s)/Mail Date \_\_\_\_\_.
- 5) ☐ Notice of Informal Patent Application.
- 6) ☐ Other: \_\_\_\_\_.

**DETAILED ACTION**

***Response to Amendment***

1. In response to Applicant's first filing of Arguments/Remarks (dated 1/16/2008) in response to Examiner's first office action (dated 9/18/2007), Examiner acknowledges Applicant's cancellation of claims 1- 35 and 46-47. Examiner further acknowledges Applicant's amendments of claims 36-37 and 43-45 and addition of new claims 48-60.

Examiner further acknowledges receipt (1/16/2008) of two publications from Applicant in response to Examiner's request for information under 37 CFR §1.105.

Responsive to Applicant's cancellation of claims 1-34, Examiner's rejection of those claims under 35 U.S.C. § 101 is rendered moot and, accordingly, is withdrawn.

Responsive to Applicant's cancellation of claims 1-35 and 46-47, Examiner's rejection of those claims under 35 U.S.C. § 112 is rendered moot and, accordingly, is withdrawn.

Responsive to Applicant's amendment of claim 45, Examiner's rejection of said claim under 35 U.S.C. § 112 is withdrawn.

2. In response to Examiner's further requirement for restriction (dated 5/16/2008) after receipt of Applicant Arguments/Remarks (dated 1/16/2008), Examiner acknowledges receipt of a subsequent filing of Applicant Arguments/Remarks (dated 5/23/2008) in which Applicant cancelled claim 60, added new dependent claim 61 and amended claims 48 and 49.

3. Examiner further withdraws the rejection of claim 43 under 35 USC 112 based on the use of various forms of the term "remarket." Examiner acknowledges as a term of art.

4. Claims 36-45, 48-59 and 61 are currently pending in this action.

***Claim Rejections - 35 USC § 112***

5. The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

6. Claims 49 and 61 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention. Claims 50-61 are rejected as depending from claim 49.

As to claim 49, applicant recites a step of issuing and a step that begins "wherein." Claimed steps in a method claim are required to begin with a word or words that specifically state the particular action that is occurring – i.e., by use of a verb ending in "ing."

Regarding claim 61, Applicant's use of the phrase "conversion rate" renders the claim indefinite because the meaning of the phrase is unclear, and is not explained in the specification. For examination purposes, Examiner interprets the phrase "conversion rate" to mean "a number of shares received per warrant."

***Claim Rejections - 35 USC § 103***

7. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

8. Claims 48, 36, 43-44, 49-50, 57 and 58 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones et al. (U.S. 2004/0177016)(hereinafter referred to as Jones 016) in view of Jones et al. (U.S. 2004/0033674)(hereinafter Jones 674) and further in view of admitted prior art. Upon review, examiner has determined that the invention disclosed in Jones 674 is supported by the provisional application (Application No. 60/493187 filed on August 7, 2003) to which Jones 674 claims priority. Accordingly, the disclosure of Jones antedates applicant's claimed invention.

As to claim 48, Jones 016 shows a financial method comprising the steps of:

issuing a convertible security by an issuer to a holder (§0112), wherein the convertible security comprises:

a maturity term (§0195);

a conversion provision providing that the holder is entitled to exchange the convertible security for another asset under certain conditions (§0198);

a contingent payment provision that provides that the holder is entitled to a contingent payment upon the occurrence of one or more specified conditions (§0197); and

wherein the convertible security does not have any put provisions (§§ 0193-4, 0200).

Jones 016 does not specifically show a remarketing provision that provides that the convertible security may be remarketed to new investors under certain conditions or remarketing, at a remarketing time, the convertible security to one or more new investors.

Jones 674 teaches a remarketing provision that provides that the convertible security may be remarketed to new investors under certain conditions (§§ 0009, 0024 and

0029); and remarketing, at a remarketing time, the convertible security to one or more new investors (¶¶ 0009, 0024 and 0029).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in Jones 016 by the teaching of Jones 674 in order to provide flexibility in the marketing of securities.

Jones 016 and Jones 674 do not specifically show wherein, after the remarketing time, the convertible security remains outstanding and potential recapture of excess tax benefits is postponed until the convertible security ceases to be outstanding.

Examiner notes as admitted prior art that (1) a remarketing places financial instruments in the hands of buyers, hence the instruments remain outstanding and (2) the well known practice of accounting for the benefit of tax implications with regard to securities.

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by Jones 016 and Jones 674 in order to provide flexibility in the marketing of securities and in the determination of possible tax benefits.

Although the cited references address the claim language, the recitations "wherein the convertible security comprises: a maturity term; a conversion provision providing that the holder is entitled to exchange the convertible security for another asset under certain conditions; a contingent payment provision that provides that the holder is entitled to a contingent payment upon the occurrence of one or more specified conditions; and a remarketing provision that provides that the convertible security may be remarketed to new investors under certain conditions" and "wherein the convertible security does not have

any put provisions" constitute nonfunctional descriptive material. The specific structure of the security is not functionally involved in the step of issuing the security. The recited method step would be performed the same regardless of the specific structure of the security. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, see *In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); *MPEP* §2106.

Although applicant has admitted prior art, the recitation "wherein, after the remarketing time, the convertible security remains outstanding and potential recapture of excess tax benefits is postponed until the convertible security ceases to be outstanding" merely asserts an intended result of the method step of remarketing. As such, the recitation is afforded little patentable weight.

As to claim 36, Jones 016 and Jones 674 in view of admitted prior art show all elements of claim 48. Jones 016 further shows calculating projected contingent payments with a computer system (¶¶0217-8, 0284).

As to claim 43, Jones 016 and Jones 674 in view of admitted prior art show all elements of claim 48. Further, in view of admitted prior art, a convertible security is remarketed as a new straight debt security.

It would have been obvious to one of ordinary skill in the art to have further modified the invention disclosed by Jones 016 and Jones 674 in view of admitted prior art in order to provide flexibility for repackaging securities for financial benefit.

As to claim 44, Jones 016 and Jones 674 in view of admitted prior art show all elements of claim 48. Further, in view of admitted prior art, a convertible security is remarketed as a new convertible security.

It would have been obvious to one of ordinary skill in the art to have further modified the invention disclosed by Jones 016 and Jones 674 in view of admitted prior art in order to provide flexibility for repackaging securities for financial benefit.

As to claim 49, Jones 016 shows a financial method comprising the steps of:  
issuing a convertible security by an issuer to a holder (§0112), wherein the convertible security comprises:

a maturity term (§0195);

a conversion provision providing that the holder is entitled to exchange the convertible security for another asset under certain conditions (§0198);

a contingent payment provision that provides that the holder is entitled to a contingent payment upon the occurrence of one or more specified conditions (§0197); and

wherein the convertible security does not have any put provisions (§§ 0193-4, 0200).

Jones 016 does not specifically show a remarketing provision that provides that the convertible security may be remarketed to new investors under certain conditions at a remarketing time.



Jones 674 teaches a remarketing provision that provides that the convertible security may be remarketed to new investors under certain conditions at a remarketing time (¶¶ 0009, 0024 and 0029).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in Jones 016 by the teaching of Jones 674 in order to provide flexibility in the marketing of securities.

Jones 016 and Jones 674 do not specifically show wherein, after remarketing, the convertible security remains outstanding and potential recapture of excess tax benefits is postponed until the convertible security ceases to be outstanding.

Examiner notes as admitted prior art that (1) a remarketing places financial instruments in the hands of buyers, hence the instruments remain outstanding and (2) the well known practice of accounting for the benefit of tax implications with regard to securities.

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by Jones 016 and Jones 674 in order to provide flexibility in the marketing of securities and in the determination of possible tax benefits.

Although the cited references address the claim language, the recitation "wherein the convertible security comprises: a maturity term; an exchange provision providing that the holder is entitled to exchange the convertible security for another asset under certain conditions; a contingent payment provision that provides that the holder is entitled to a contingent payment upon the occurrence of one or more specified conditions; and a remarketing provision that provides that the convertible security may be remarketed to new

investors under certain conditions at a remarketing time, wherein after remarketing, the convertible security remains outstanding and potential recapture of excess tax benefits is postponed until the convertible security ceases to be outstanding; and wherein the convertible security does not have any put provisions" constitutes nonfunctional descriptive material. The specific structure of the security is not functionally involved in the step of issuing the security. The recited method step would be performed the same regardless of the specific structure of the security. Thus, this descriptive material will not distinguish the claimed invention from the prior art in terms of patentability, *see In re Gulack*, 703 F.2d 1381, 1385, 217 USPQ 401, 404 (Fed. Cir. 1983); *In re Lowry*, 32 F.3d 1579, 32 USPQ2d 1031 (Fed. Cir. 1994); *MPEP* §2106.

The limitations of claim 50 parallel the limitations of claim 36, as set forth above, and is therefore rejected under the same rationale.

The limitations of claims 57-58 parallel the limitations of claims 43-44, respectively, as set forth above and are therefore rejected under the same rationale.

9. Claims 37-42 and 51-56 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones 016 and Jones 674 in view of admitted prior art and further in view of Blanchard (IRS Revenue Ruling 2002-31).

As to claim 37, Jones 016 and Jones 674 in view of admitted prior art show all elements of claim 36.

Jones 016 and Jones 674 in view of admitted prior art do not specifically show wherein the projected contingent payments are calculated based on the forward prices and expected value of the contingent payments.

Blanchard teaches projected contingent payments calculated based on forward prices and expected values of the projected contingent payments (pg. 2-4).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by Jones 016 and Jones 674 in view of admitted prior art by the teaching of Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 38, Jones 016 and Jones 674 in view of admitted prior art and further in view of Blanchard show all elements of claim 37. Blanchard further teaches a comparable yield determined by referencing a yield of a fixed-rate nonconvertible debt instrument with terms and conditions similar to terms and conditions of the convertible security (pg. 2-4).

It would have been obvious to one of ordinary skill in the art to have further modified the invention disclosed by Jones 016 and Jones 674 in view of admitted prior art by the teaching of Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 39, Jones 016 and Jones 674 in view of admitted prior art and further in view of Blanchard show all elements of claim 37. Blanchard further teaches a projected payment schedule that includes each noncontingent payment and the projected contingent payments (pg. 2-4).

It would have been obvious to one of ordinary skill in the art to have further modified the invention disclosed by Jones 016 and Jones 674 in view of admitted prior art by the teaching of Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 40, Jones 016 and Jones 674 in view of admitted prior art show all elements of claim 36.

Jones 016 and Jones 674 in view of admitted prior art does not specifically show making adjustments based on a comparison of projected contingent payments to actual contingent payments.

Blanchard shows making adjustments based on a comparison of projected contingent payments to actual contingent payments (pg. 2-5).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed by Jones 016 and Jones 674 in view of admitted prior art by the teaching of Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 41, Jones 016 and Jones 674 in view of admitted prior art and further in view of Blanchard show all elements of claim 40. Blanchard further shows if the actual contingent payments are greater than the projected contingent payments, a positive adjustment is made (pg. 2-4).

It would have been obvious to one of ordinary skill in the art to have further modified the invention disclosed by Jones 016 and Jones 674 in view of admitted prior art by the teaching of Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

As to claim 42, Jones 016 and Jones 674 in view of admitted prior art and further in view of Blanchard show all elements of claim 40. Blanchard further shows, if the actual contingent payments are less than the projected contingent payments, a negative adjustment is made (pg. 2-4).

It would have been obvious to one of ordinary skill in the art to have further modified the invention disclosed by Jones 016 and Jones 674 in view of admitted prior art by the teaching of Blanchard in order to provide desirable tax benefits (see Blanchard, pg. 4).

The limitations of claims 51-56 parallel the limitations of claims 37-42, respectively, as set forth above and are therefore rejected under the same rationale.

10. Claims 45 and 59 are rejected under 35 U.S.C. 103(a) as being unpatentable over Jones 016 and Jones 674 in view of admitted prior art and further in view of Jones et al. (U.S. 2004/0133494)(hereinafter Jones 494).

As to claim 45, Jones 016 and Jones 674 in view of admitted prior art show all elements of claims 48. Jones 674 further shows remarketing of convertible financial instruments (¶¶ 0017 and 0018).

Jones 016 and Jones 674 in view of admitted prior art do not show a determination to remarket made based on a comparison of a price for stock underlying the convertible security and a conversion price which specifies a dollar amount at which the convertible security can be converted into common stock of the issuer at a remarketing time.

Jones 494 teaches a determination to remarket made based on a comparison of a price for stock underlying the convertible security and a conversion price which specifies a dollar amount at which the convertible security can be converted into common stock of the issuer at a remarketing time (¶¶0043).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in Jones 016 and Jones 674 in view of admitted prior art by the teaching of Jones 494 in order to allow flexibility in deciding the types and terms of financial instruments and to determine, based on various factors inclusive of market conditions, whether to remarket those instruments.

The limitations of claim 59 parallel the limitations of claim 45 as set forth above and are therefore rejected under the same rationale.

11. Claim 61 is rejected under 35 U.S.C. 103(a) as being unpatentable over Jones 016 and Jones 674 in view of admitted prior art and further in view of Birle, Jr., et al (U.S. 2003/0130941)(hereinafter Birle).

As to claim 61, Jones 016 and Jones 674 in view of admitted prior art show the method of claim 49.

Jones 016 and Jones 674 in view of admitted prior art do not specifically show wherein the convertible security further comprises a warrant provision that provides investors with an option to purchase an additional number of shares above a conversion price at a conversion rate upon conversion.

Birle teaches that issuers prefer flexibility and control over their capital structure (§ 0012). Accordingly, different financial instruments may be structured in response to various conditions and marketed under varying terms established by the issuer to both make them attractive to prospective buyers and to meet an issuer's financial requirements (§§ 0004, 0007 and 0008). Birle further teaches a convertible security may comprise a warrant (§§ 0076-0078), which may be structured as the issuer desires to meet its financial requirements (e.g., with an option to purchase an additional number of shares above a conversion price at a conversion rate upon conversion).

It would have been obvious to one of ordinary skill in the art to have modified the invention disclosed in Jones 016 and Jones 674 in view of admitted prior art by the

teaching of Birle in order to provide flexibility in the structuring of securities for financial benefit to the issuer.

### ***Response to Arguments***

12. Applicant's arguments (submitted 1/16/2008, pg. 9-13) with respect to claims 48, 49 and 60 and their respective dependent claims have been considered but are moot in view of the new ground(s) of rejection.

13. Examiner notes the following discussion of Official Notice taken from the MPEP:

To adequately traverse such a finding, an applicant must specifically point out the supposed errors in the examiner's action, which would include stating why the noticed fact is not considered to be common knowledge or well-known in the art. See 37 CFR 1.111(b). See also *Chevenard*, 139 F.2d at 713, 60 USPQ at 241 ("[I]n the absence of any demand by appellant for the examiner to produce authority for his statement, we will not consider this contention."). A general allegation that the claims define a patentable invention without any reference to the examiner's assertion of official notice would be inadequate. If applicant adequately traverses the examiner's assertion of official notice, the examiner must provide documentary evidence in the next Office action if the rejection is to be maintained. See 37 CFR 1.104(c)(2). See also *Zurko*, 258 F.3d at 1386, 59 USPQ2d at 1697 ("[T]he Board [or examiner] must point to some concrete evidence in the record in support of these findings" to satisfy the substantial evidence test). If the examiner is relying on personal knowledge to support the finding of what is known in the art, the examiner must provide an affidavit or declaration setting forth specific factual statements and explanation to support the finding. See 37 CFR 1.104(d)(2). If applicant does not traverse the examiner's assertion of official notice or applicant's traverse is not adequate, the examiner should clearly indicate in the next Office action that the common knowledge or well-known in the art statement is taken to be admitted prior art because applicant either failed to traverse the examiner's assertion of official notice or that the traverse was inadequate. If the traverse was inadequate, the examiner should include an explanation as to why it was inadequate. (MPEP § 2144.03(C))

Applicant's silence to Examiner's taking of official notice (in non-final office action dated 9/18/2007) is the same as Applicant not "specifically pointing out the supposed errors in the examiner's action, which would include stating why the noticed fact is not

considered to be common knowledge or well-known in the art.” For these reasons, the following are taken to be admitted prior art:

- that a remarketing places financial instruments in the hands of buyers, hence the instruments remain outstanding (claims 48, 49).
- it is old and well known in the art to account for the benefit of tax implications with regard to securities (claims 48, 49).
- that financial instruments can be repackaged and sold as other forms of securities (e.g., claim 43, 44, 57, 58).

### ***Conclusion***

14. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire **THREE MONTHS** from the mailing date of this action. In the event a first reply is filed within **TWO MONTHS** of the mailing date of this final action and the advisory action is not mailed until after the end of the **THREE-MONTH** shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than **SIX MONTHS** from the date of this final action.



Any inquiry concerning this communication or earlier communications from the examiner should be directed to Carol See whose telephone number is (571)272-9742. The examiner can normally be reached on Monday - Thursday 6:45 am - 5:15 pm.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Thomas Dixon, can be reached on (571) 272-6803. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Ella Colbert/  
Primary Examiner, Art Unit 3696

Carol See  
Patent Examiner  
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